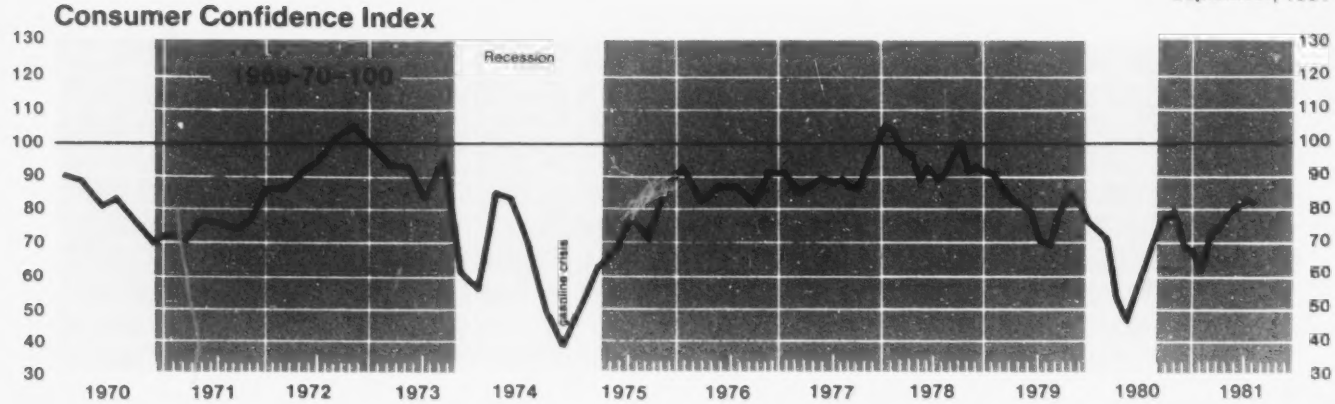
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board

Based on a Survey Conducted by National Family Opinion, Inc

September, 1981

Consumer Confidence Index



CONFIDENCE DOWN MODERATELY BUT BUYING PLANS STRONGER

After five consecutive months of improvement, consumer attitudes turned more cautious in August. The Board's Confidence Index (1969-1970 = 100) edged off to 80.9 from a prior reading of 82.1. However, buying plans for all of the items included in the survey rose moderately.

While the decline in consumer confidence was small, it is, nevertheless, somewhat unsettling since all of the loss reflects a rise in consumer concern about the short-term future. The expectational segment of the survey, which in the past has been a leading economic indicator, lost ground in August. More persons than in the previous probe fear that jobs will grow harder to come by; and there was also an increase in those who fear that their financial circumstances will worsen in the months ahead. On the broader question of the likely trend in business conditions, however, optimists continue to outnumber pessimists by a margin of about two-to-one.

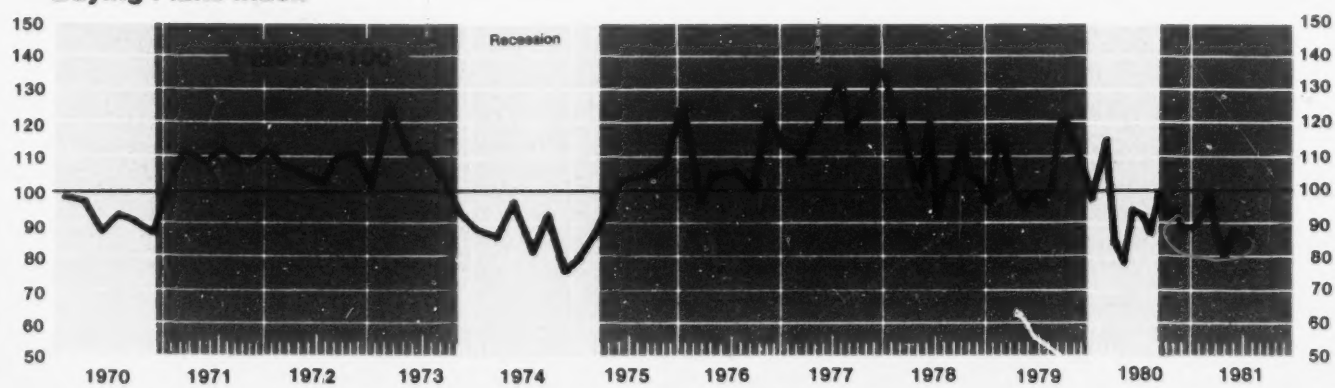
Despite the increased apprehension about jobs and income, consumers appear to be somewhat more disposed to spend. Intentions to purchase an automobile—new or used—were up moderately over the preceding month, and are running ahead of year-ago levels. Interest in homes perked up quite a bit in August, but they had dropped sharply in the preceding month. The home buying plans series is at a relatively low level.

Plans to purchase a major appliance also moved up a notch over the preceding survey, but the gain was too small to be significant. Plans to purchase were up most for refrigerators, color TV sets, and vacuum cleaners.

The number of persons who plan a vacation in the next six months increased slightly, compared with June when this question was last presented, but is up quite substantially compared with a year ago.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by National Family Opinion, Inc.
Percentage of all households

All series seasonally adjusted	1980 Aug.	Sept.	Oct.	Nov.	Dec.	1981 Jan.	Feb.	Mar.	Apr.	May	June	July(r)	Aug.(p)
Composite Series: Index Numbers, 1969-1970 = 100													
Consumer Confidence Index	67.5	75.1	76.7	79.9	68.0	67.7	61.1	70.9	75.5	78.0	79.9	82.1	80.9
Present Situation	40.6	49.6	47.6	49.5	46.1	45.4	42.8	49.1	52.3	55.8	54.6	57.0	57.7
Expectations	85.4	92.1	96.1	100.1	82.7	82.5	73.3	85.4	91.1	92.9	96.6	98.8	96.3
Buying Plans Index	86.6	99.2	91.8	94.2	89.2	89.9	91.9	98.7	86.8	79.6	89.3	83.5	89.4
Appraisal of Present Situation: Percent													
Business Conditions													
Good	13.8	17.2	15.8	16.0	15.6	14.5	14.3	15.8	15.3	16.5	18.0	19.3	18.7
Bad	35.2	30.3	30.7	30.1	31.6	33.5	34.8	31.2	29.2	27.5	26.7	25.4	25.5
Normal	51.0	52.5	53.5	53.9	52.8	52.0	50.9	53.0	55.5	56.0	53.3	55.3	55.8
Employment													
Jobs plentiful	10.3	11.5	11.5	11.7	11.0	11.8	11.2	12.3	13.7	14.0	13.2	12.6	13.5
Jobs not so plentiful	47.8	49.1	49.0	50.9	49.2	49.4	47.6	49.4	49.4	50.0	49.5	48.9	48.6
Jobs hard to get	41.9	39.4	39.5	37.4	39.8	38.8	41.2	38.3	36.9	36.0	37.3	38.5	37.9
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	21.6	24.3	22.4	24.9	19.7	19.6	17.7	20.8	21.1	21.6	23.9	22.4	24.3
Worse	19.0	14.7	13.6	11.3	16.9	17.5	20.8	15.2	12.3	11.2	12.0	9.7	11.2
Same	59.4	61.0	64.0	63.8	63.4	62.9	61.5	64.0	66.6	67.2	64.1	67.9	64.5
Employment													
More jobs	18.3	19.5	19.7	20.3	15.6	15.4	13.0	15.1	14.9	15.7	19.2	18.4	17.7
Fewer jobs	25.5	21.7	19.5	18.1	24.8	25.0	27.5	22.7	19.8	18.9	19.3	18.6	19.4
Same	56.2	58.8	60.8	61.6	59.6	59.6	59.5	62.2	65.3	65.4	61.5	63.0	62.9
Income													
Increase	33.0	31.8	31.9	31.9	30.5	32.0	28.3	28.5	32.6	31.0	32.3	32.7	30.7
Decrease	8.0	9.4	6.8	7.6	8.7	8.4	9.9	8.3	8.1	9.0	8.2	7.8	8.1
Same	59.0	58.8	61.3	60.5	60.8	59.6	61.8	63.2	59.3	60.0	59.5	59.5	61.2
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	6.2	7.4	6.7	7.2	6.7	7.2	7.3	7.8	5.7	5.5	6.5	6.8	7.2
New	3.0	4.2	3.7	3.8	3.3	3.5	3.6	4.1	3.2	3.1	3.2	3.4	3.7
Used	2.6	2.8	2.7	3.3	3.4	3.4	3.4	3.4	2.1	2.1	3.1	3.1	3.0
Uncertain	0.6	0.4	0.3	0.1	0	0.3	0.3	0.3	0.4	0.3	0.2	0.3	0.5
Home													
Yes	2.6	2.9	2.7	2.6	2.7	2.3	2.6	2.9	3.0	2.4	2.6	2.0	2.5
New	0.6	0.9	0.7	0.8	0.6	0.7	0.7	0.7	1.0	0.4	0.6	0.6	0.8
Lived in	1.1	1.2	1.3	1.1	1.4	1.1	1.5	1.3	1.3	1.4	1.3	0.9	1.4
Uncertain	0.9	0.8	0.7	0.7	0.7	0.5	0.4	0.9	0.7	0.6	0.7	0.5	0.3
Major appliances													
Total plans	26.0	28.9	25.8	27.5	25.5	26.3	24.3	26.2	26.7	22.9	27.0	26.2	27.5
Refrigerator	3.7	4.5	3.2	3.7	3.1	3.2	3.5	3.6	3.6	3.3	3.9	4.1	4.4
Washing machine	3.2	4.1	3.0	3.7	3.6	3.2	2.6	3.3	3.1	2.9	3.7	3.5	3.2
Black and white TV	1.6	1.5	1.3	1.4	1.3	1.1	0.9	1.2	1.3	1.0	1.3	1.4	1.5
Color TV	6.4	6.7	5.9	6.0	5.3	6.1	5.7	5.7	6.0	5.4	6.1	5.7	6.2
Vacuum cleaner	4.3	5.0	5.0	4.8	4.3	5.1	4.6	5.2	4.7	4.0	4.6	4.5	5.0
Range	2.7	3.0	2.4	2.5	3.1	3.1	2.6	2.6	3.2	2.3	2.5	2.6	2.8
Clothes dryer	2.7	2.8	3.0	3.1	2.9	2.9	2.4	2.6	2.9	2.4	2.9	2.8	2.8
Air conditioner	1.4	1.3	2.0	2.3	1.9	1.6	2.0	2.0	1.9	1.6	2.0	1.6	1.6
Carpet	8.9	10.3	10.9	9.6	9.5	8.0	8.5	9.5	8.2	9.0	8.4	7.7	8.2
Vacation Intended Within Six Months: Percent													
Vacation Intended	43.3		44.7		43.9		42.7		45.6		46.8		47.9
Destination													
Home state	10.9		11.0		11.3		10.6		11.1		11.2		10.5
Other states	29.9		31.0		29.8		29.5		31.8		32.1		33.1
Foreign country	4.6		4.1		4.2		4.0		4.0		4.3		4.5
Means of Travel													
Automobile	31.3		32.9		30.9		30.1		33.3		35.4		34.4
Airplane	11.5		11.8		12.3		12.8		11.9		11.6		11.8
Other	2.7		2.8		2.6		2.5		2.8		3.5		1.5

Note: All 1980 data have been adjusted to reflect that year's revised seasonal factors. (p)—preliminary (r)—revised

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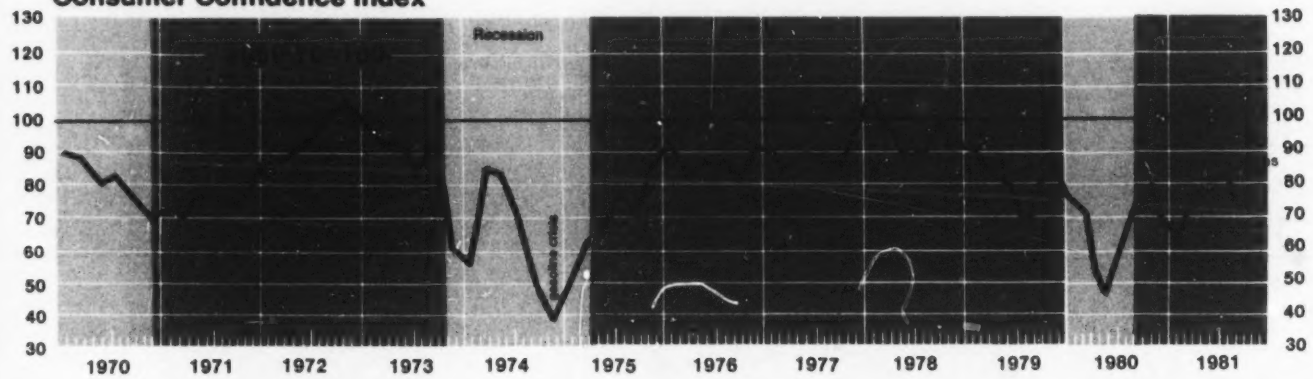


CONSUMER SPIRITS SAG SPENDING PLANS SOFTEN

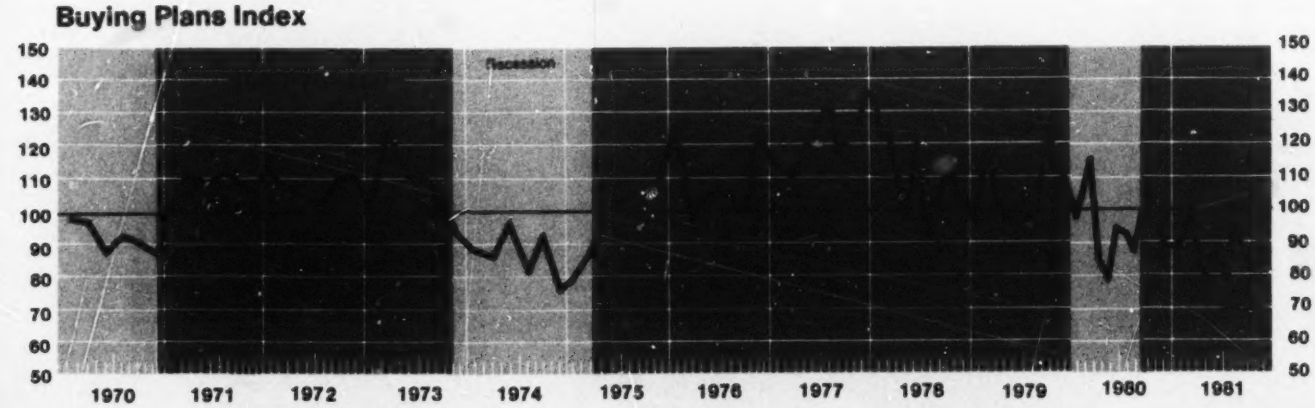
Consumer confidence dropped sharply in September. The Board's Confidence Index (1969-1970 = 100) now stands at 72—a drop of almost 10 points from the preceding probe. Some consumer uneasiness was evident last month, but this has now turned to real concern. Consumers' buying plans are also down.

In assessing the ongoing situation, a larger proportion of respondents than last time now say that business conditions are "bad," and there has also been an increase in those who say that jobs are "hard to get." Consumers are also considerably less optimistic in their view of the future. There has been a rise from 11% to 15% in the number of those who believe that business conditions will "worsen" over the next six months, while the proportion of those who fear that jobs will grow scarcer has grown from 19.5% to 22.3% of all respondents. In aggregate, the expectational component of the survey is down 12 points—a disconcertingly large loss. Consumer expectations are generally a rather reliable indicator of subsequent economic developments. As wage earners, they are quick to sense a change in the tempo of business, and what they are telling us at the moment suggests that there may be some trouble ahead.

Plans to buy an automobile fell to 6.6%, down from 7.9% in the preceding month; but this development probably reflects the discontinuation of the industry's rebate program. Intentions to purchase a home were expressed by 2.3% of all survey participants. This is about the same proportion as last time, but this series is running substantially below year-ago levels. Plans to secure a major appliance have dropped to 26.8% from an earlier 29.5%; buying intentions were off most for refrigerators and washing machines.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

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Percentage of all households

All series seasonally adjusted	1980 Sept.	Oct.	Nov.	Dec.	1981 Jan.	Feb.	Mar.	Apr.	New Series May	June	July	Aug.	Sept.(p)
Composite Series: Index Numbers, 1969-1970 = 100													
Consumer Confidence Index	75.1	76.7	79.9	68.0	67.7	61.1	70.9	75.5	80.6	80.4	80.6	81.6	71.9
Present Situation	49.6	47.6	49.5	46.1	45.4	42.8	49.1	52.3	59.6	56.1	57.6	58.3	52.4
Expectations	92.1	96.1	100.1	82.7	82.5	73.3	85.4	91.1	94.7	96.6	95.9	97.2	84.9
Buying Plans Index	99.2	91.6	94.2	89.2	89.9	91.9	98.7	86.8	84.0	87.4	77.0	96.3	86.5
Appraisal of Present Situation: Percent													
Business Conditions													
Good	17.2	15.8	16.0	15.6	14.5	14.3	15.8	15.3	19.3	17.9	19.5	19.2	16.5
Bad	30.3	30.7	30.1	31.6	33.5	34.8	31.2	29.2	25.4	26.5	25.1	24.8	28.3
Normal	52.5	53.5	53.9	52.8	52.0	50.9	53.0	55.5	55.3	55.6	55.4	56.0	55.2
Employment													
Jobs plentiful	11.5	11.5	11.7	11.0	11.8	11.2	12.3	13.7	14.1	13.4	12.2	13.0	13.0
Jobs not so plentiful	49.1	49.0	50.9	49.2	49.4	47.6	49.4	49.4	48.7	49.1	51.1	49.5	48.1
Jobs hard to get	39.4	39.5	37.4	39.8	38.8	41.2	38.3	36.9	37.2	37.5	36.7	37.5	38.9
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	24.3	22.4	24.9	19.7	19.6	17.7	20.8	21.1	21.3	24.1	23.5	23.0	19.7
Worse	14.7	13.6	11.3	16.9	17.5	20.8	15.2	12.3	10.5	11.7	11.1	11.1	15.2
Same	61.0	64.0	63.8	63.4	62.9	61.5	64.0	66.6	68.2	64.2	65.4	65.9	65.1
Employment													
More jobs	19.5	19.7	20.3	15.6	15.4	13.0	15.1	14.9	16.2	18.6	18.1	18.6	14.3
Fewer jobs	21.7	19.5	18.1	24.8	25.0	27.5	22.7	19.8	19.3	19.2	20.0	19.5	22.3
Same	58.8	60.8	61.6	59.6	59.6	59.5	62.2	65.3	64.5	62.2	61.9	61.9	63.4
Income													
Increase	31.8	31.9	31.9	30.5	32.0	28.3	28.5	32.6	30.4	30.8	30.7	30.8	30.6
Decrease	9.4	6.8	7.6	8.7	8.4	9.9	8.3	8.1	7.5	8.1	8.0	7.3	7.9
Same	58.8	61.3	60.5	60.8	59.6	61.8	63.2	59.3	62.1	61.1	61.3	61.9	61.5
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	7.4	6.7	7.2	6.7	7.2	7.3	7.8	5.7	6.3	5.8	6.4	7.9	6.6
New	4.2	3.7	3.8	3.3	3.5	3.6	4.1	3.2	3.0	3.2	3.3	4.2	2.9
Used	2.8	2.7	3.3	3.4	3.4	3.4	3.4	2.1	2.8	2.4	2.8	3.3	3.3
Uncertain	0.4	0.3	0.1	0	0.3	0.3	0.3	0.4	0.5	0.2	0.3	0.4	0.4
Home													
Yes	2.9	2.7	2.6	2.7	2.3	2.6	2.9	3.0	2.5	2.8	1.7	2.4	2.3
New	0.9	0.7	0.8	0.6	0.7	0.7	0.7	1.0	0.3	0.8	0.5	0.6	0.3
Lived in	1.2	1.3	1.1	1.4	1.1	1.5	1.3	1.3	1.3	1.4	0.8	1.3	1.5
Uncertain	0.8	0.7	0.7	0.7	0.5	0.4	0.9	0.7	0.9	0.6	0.4	0.5	0.5
Major appliances													
Total plans	28.9	25.8	27.5	25.5	26.3	24.3	26.2	26.7	24.6	27.6	25.2	29.5	26.8
Refrigerator	4.5	3.2	3.7	3.1	3.2	3.5	3.6	3.6	3.6	4.4	3.3	4.6	3.3
Washing machine	4.1	3.0	3.7	3.6	3.2	2.6	3.3	3.1	2.6	3.4	3.1	4.1	3.6
Black and white TV	1.5	1.3	1.4	1.3	1.1	0.9	1.2	1.3	1.3	1.4	1.3	1.2	1.3
Color TV	6.7	5.9	6.0	5.3	6.1	5.7	5.7	6.0	6.0	5.8	7.6	7.1	7.0
Vacuum cleaner	5.0	5.0	4.8	4.3	5.1	4.6	5.2	4.7	4.6	4.9	4.2	5.5	5.0
Range	3.0	2.4	2.5	3.1	3.1	2.6	2.6	3.2	2.2	2.4	2.0	2.7	2.4
Clothes dryer	2.8	3.0	3.1	2.9	2.9	2.4	2.6	2.9	2.2	3.2	2.2	2.9	3.0
Air conditioner	1.3	2.0	2.3	1.9	1.6	2.0	2.0	1.9	2.1	2.1	1.5	1.4	1.2
Carpet	10.3	10.9	9.6	9.5	8.0	8.5	9.5	8.2	7.6	7.5	5.8	8.9	8.5
Vacation Intended Within Six Months: Percent													
Vacation Intended		44.7		43.9		42.7		45.6		42.6		43.1	
Destination													
Home state		11.0		11.3		10.6		11.1		8.7		8.7	
Other states		31.0		29.8		29.5		31.8		30.7		31.5	
Foreign country		4.1		4.2		4.0		4.0		4.7		4.5	
Means of Travel													
Automobile		32.9		30.9		30.1		33.3		29.2		28.8	
Airplane		11.8		12.3		12.8		11.9		13.2		13.8	
Other		2.8		2.6		2.5		2.8		4.1		3.3	

New Series: Beginning May, 1981 the NFO sample includes all types of households, prior to that families only. To link results overlapping surveys were conducted for four months commencing with May. Data are available on request.

(p)—preliminary (r)—revised

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